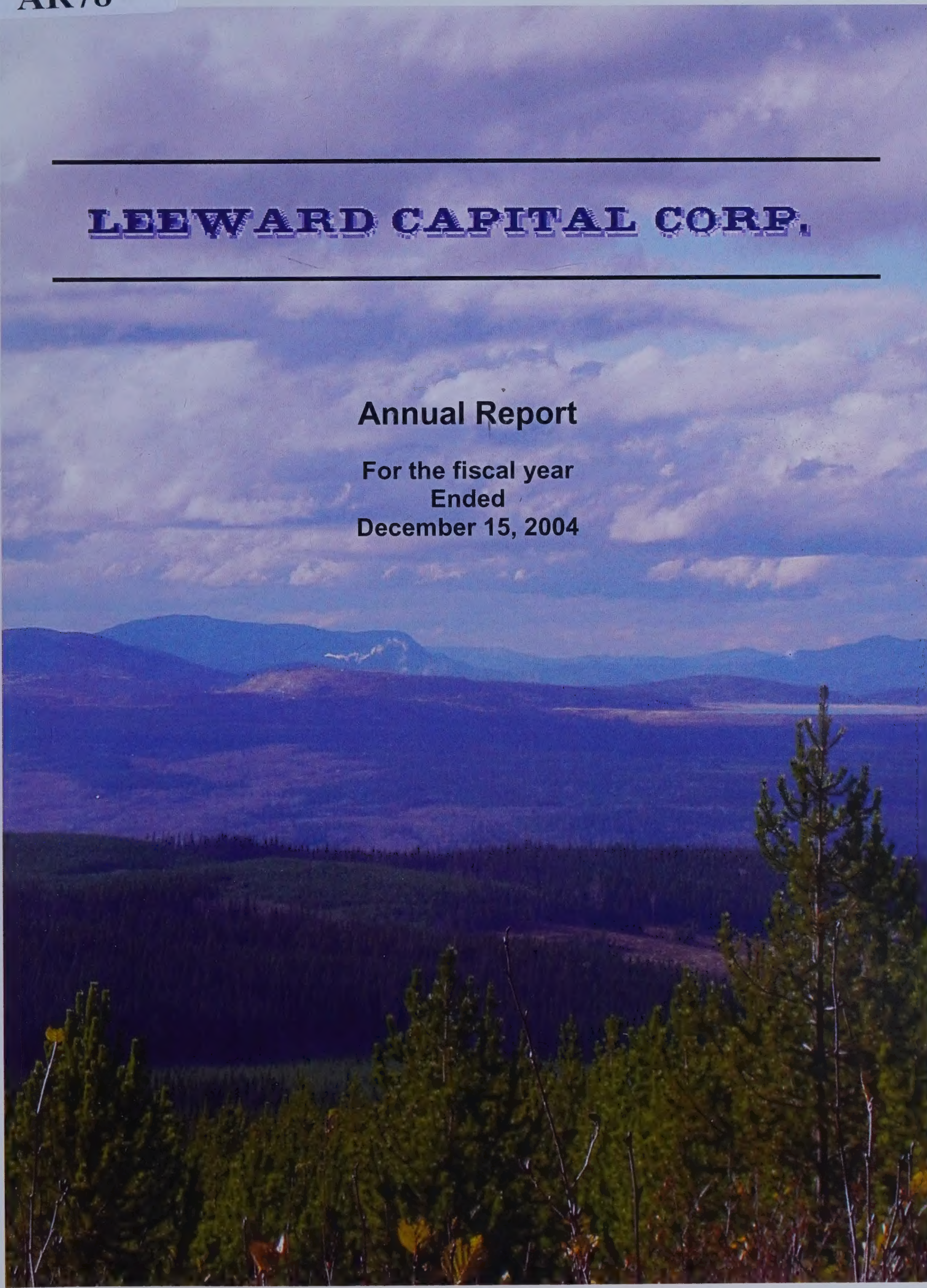
LEEWARD CAPITAL CORP.

Annual Report

**For the fiscal year
Ended
December 15, 2004**



LEEWARD CAPITAL CORP.

Head Office #4, 1922 – 9th Avenue SE Calgary, Alberta T2G 0V2 tel. (403) 265-4077 fax (403) 265-6410	**Directors** James W. Davis - Calgary, AB Fred T. Lewicki - Calgary, AB Roger D. Morton - Edmonton, AB W. Roy Shouldice - Calgary, AB Brian Comrie - Calgary, AB (as at Feb 28/05)
Registered Office #4500, 855 – 2nd Street SW Calgary, AB T2P 4K7	**Officers** President - James W. Davis Secretary - Elizabeth Barnett
Auditors BDO Dunwoody LLP #1500, 800 – 6th Avenue SW Calgary, Alberta T2P 3G3	**Legal Counsel** William S. Osler / Bennett Jones LLP #4500, 855 – 2nd Street SW Calgary, Alberta T2P 4K7
Transfer Agent Valiant Trust Company #510, 550 – 6th Avenue SW Calgary, Alberta T2P 0S2	**Listing:** TSX Venture Exchange **Symbol:** LWC **Type:** Tier one
Capitalization: authorized: • 100,000,000 common shares • 10,000,000 preferred shares	**Issued and outstanding** (as at December 15, 2004) • 29,621,554 common shares • 1,600,000 incentive stock options • 3,840,000 share purchase warrants

SEC exemption: 12g3-2(b) #82,3640

web page: http://www.leewardcapital.com
also see: http://www.amber-gems.com

e-mail: president@leewardcapital.com

Front Cover: View of Endako Mill Roaster from Nithi Mountain

LEEWARD CAPITAL CORP.

I am pleased with the progress the company has made in the last year. We have been able to raise significant exploration funds, which was not possible prior to the general improvement in commodity prices and junior mining companies. In 2004, Leeward carried out most of its exploration in Ontario, British Columbia and Myanmar. With the spectacular raise in moly prices the emphasis for future exploration will be on the Nithi Mountain Moly property in British Columbia.

Property Portfolio

Nithi Mountain, British Columbia (Molybdenum)

The Nithi Mountain Moly property is located in Central British Columbia, eight kilometers south of the Town of Fraser Lake. Fraser Lake is along a major highway (Hwy 16) and the main CN rail line to Prince Rupert. The property is readily accessible via logging roads and various exploration trails. A power line passes a few kilometers to the north of the claims. The producing Endako Moly Mine lies about 18 km west-northwest of the property.

Molybdenite mineralization on Nithi Mountain is classified as low fluorine, porphyry moly type. Mineralization is hosted by the Nithi and Casey intrusive phases of the Francois Lake intrusive suite. The geology, style of mineralization, nature of associated alteration at Nithi Mountain, all bears a strong resemblance to that at the Endako Mine.

Previous exploration has included soil sampling, trenching, a few IP surveys, and both limited diamond and percussion drilling. The most significant result to date was from diamond drillhole N-14 which intersected 115 meters grading 0.10% molybdenite. There has been no exploration in the area for over twenty five years. Leeward acquired the property in 2003 as the moly price was beginning to move upward. Since then prices have increased ten fold from $3.00 to over $30.00 a pound.

Exploration by the company began in the fall of 2004 and included geological mapping, rock sampling and the completion of an airborne geophysical survey of the property. In addition, a comprehensive GIS data base was assembled. This included the compilation of over 1200 soil samples results, rock sample data, geology, and drillholes. The comparison of these previous results combined with the geophysical data has defined the "alpha" zone and high priority targets for a spring drilling program.

View of Nithi Mountain with Endako Pit in foreground.

Set Ga Done Project, Myanmar (Gold)

Leeward Capital applied for and was granted a 75% interest in a 700 square kilometer concession in northern Shan State in the Union of Myanmar. Leeward's interest in the project is shared equally with Jet Gold Corp, who provided the funds for the initial acquisition and exploration of the property. This concession encompasses a number of known gold showings one of which, Set Ga Done, is drill ready. Field exploration carried out in 2004 has revealed two parallel gold zones to the south of the Set Ga Done gold zone.

An initial diamond drilling program was attempted in the spring of 2004. Unfortunately, due to problems with the drilling equipment, poor ground conditions, and recovery, this program was unsuccessful in penetrating the Set Ga Done Gold Zone. The zone is estimated to be approximately 700 meters long and 14 meters wide. Previous surface and shallow underground mining along this zone has taken since 1989 when the gold was discovered by local miners.

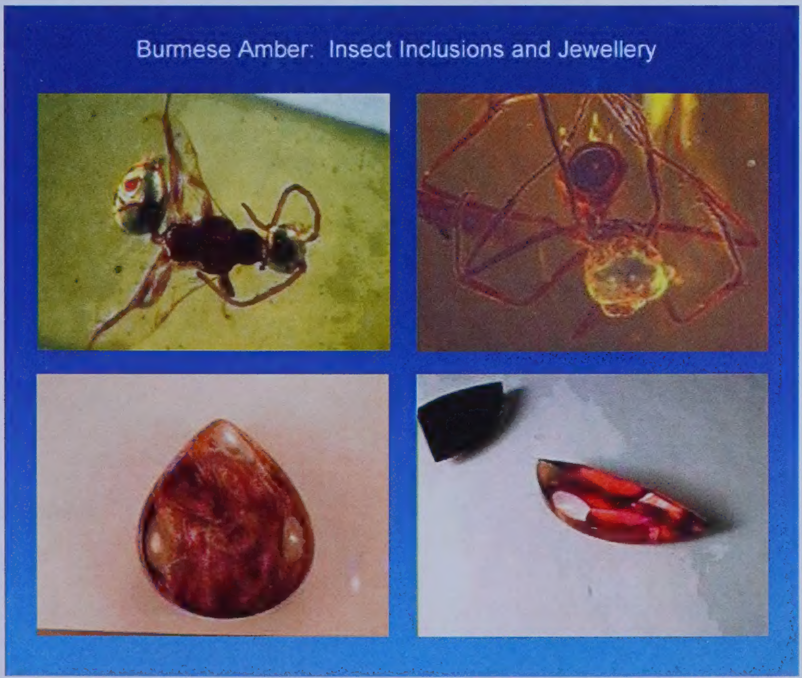
Another attempt at drilling this zone is planned for the spring of 2005. A new diamond drill rig is being imported with an experience drilling crew. Delays have been encountered in getting customs clearance for the rig on the Yangon docks. It may be necessary to postpone drilling operations until November.

Attawapiskat Area, Ontario (Diamond)

In March 2003, Leeward undertook the acquisition 36 claims encompassing an area of 6,080 hectares in the James Bay Lowlands of Ontario. The claims are held 100% by Leeward. The specific targets staked were identified on the basis of a remote sensing technique. A gravity survey was completed over all of these claims in the spring of 2004. Thirteen of the targets tested had a gravity response. Based on these geophysical results, an overburden sampling program was completed in the fall. Microprobe results from this heavy mineral survey are not yet available. In the Attawapiskat area, eighteen kimberlite pipes or dykes have been located thus far, of which sixteen have been found to be diamond-bearing. The Victor Pipe, which is owned by DeBeers, appears to be economic and is characterized by the presence of large high-quality diamonds. DeBeers is planning to put this diamond pipe into production by 2007.

Amber Project, Myanmar

Leeward Capital continues to carry on commercial sales of Burmese amber or burmite during 2004. The company sells both rough amber and insect inclusions in amber. To date, there have been sixteen scientific papers on insect specimens discovered in burmite. Many are new species; and in one specimen, we have recovered the world's oldest flower of Lower Cretaceous age or approximately 100 million years old. Share holders are invited to visit our amber website at www.ambergems.com for more information.



Leeward Capital Corp.
(a development stage corporation)
Consolidated Financial Statements
For the years ended
December 15, 2004 and 2003

Contents

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BDO
Driving growth

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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Calgary, Alberta Canada T2P 3w2
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Fax: (403) 233-7833

Auditors' Report

To the Shareholders of
Leeward Capital Corp.

We have audited the consolidated balance sheets of Leeward Capital Corp. (a development stage corporation) as at December 15, 2004 and 2003 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 15, 2004 and 2003 and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Signed "BDO Dunwoody LLP"

Chartered Accountants

Calgary, Alberta
March 15, 2005

Leeward Capital Corp.
(a development stage corporation)
Consolidated Balance Sheets

As at December 15		2004		2003
Assets				
Current				
Cash	$	**125,716**	$	647,925
Short-term investment		**50,000**		-
Accounts receivable – trade		**16,948**		1,734
Accounts receivable – joint venture		**69,309**		-
Inventory (note 3)		**30,000**		-
Prepaid expenses and advances		**18,588**		39,663
		310,561		689,322
Property and equipment (Note 4)		**4,288**		2,045
Mineral properties and deferred costs (Schedule)		**831,089**		183,063
	$	**1,145,938**	$	874,430
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	$	**73,231**	$	7,518
Shareholder's Equity				
Equity instruments (Note 6)		**7,266,239**		6,747,789
Contributed surplus (Note 7)		**78,158**		20,763
Share subscriptions received (Note 6(f))		**-**		309,000
Deficit, accumulated during the development stage		**(6,271,690)**		(6,210,640)
		1,072,707		866,912
	$	**1,145,938**	$	874,430

Commitments (Note 11)

Approved on behalf of the Board:

Signed "James W. Davis"
James W. Davis, Director

Signed "Brian Comrie"
Brian Comrie, Director

The accompanying notes are an integral part of these financial statements.

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Leeward Capital Corp.
(a development stage corporation)
Consolidated Statements of Operations and Deficit

For the years ended December 15		2004		2003
Sales of Amber	**$**	**20,692**	$	58,161
Amber costs (note 3)		**60,427**		54,774
Profit (loss) on amber		**(39,735)**		3,387
Operating Expenses				
Amortization		**704**		511
Bad debt		**-**		4,860
Bank charges and interest		**1,050**		2,120
Business promotion		**4,661**		1,019
Consulting		**22,690**		11,715
Foreign exchange loss		**-**		910
Mineral properties abandoned		**70,030**		1,687
Office		**4,647**		1,399
Professional fees		**18,976**		13,604
Rent		**1,295**		1,200
Secretarial		**8,205**		4,105
Stock compensation expense		**11,500**		20,763
Telephone and utilities		**540**		620
Transfer agent and listing fees		**25,797**		26,639
		170,095		91,152
Loss before income tax		**(209,830)**		(87,765)
Future income tax recovery (note 9)		**148,780**		-
Net loss for the year		**(61,050)**		(87,765)
Deficit, beginning of year		**(6,210,640)**		(6,122,875)
Deficit, end of year	**$**	**(6,271,690)**	$	(6,210,640)
Loss per share – basic (i)	**$**	**(0.002)**	$	(0.004)
Weighted average number of shares		**26,679,684**		22,061,656

(i) Diluted loss per share has not been disclosed, as such would be anti-dilutive.

The accompanying notes are an integral part of these financial statements.

BDO

Leeward Capital Corp.
(a development stage corporation)
Consolidated Statements of Cash Flows

For the years ended December 15	2004	2003
Cash flows from operating activities		
Net loss for the year	**$ (61,050)**	$ (87,765)
Adjustments for:		
Amortization	**704**	512
Stock compensation expense	**11,500**	20,763
Mineral properties abandoned	**70,030**	1,687
Future income tax recovery	**(148,780)**	-
	(127,596)	(64,803)
Changes in non-cash working capital balances		
Accounts receivable	**(84,523)**	7,032
Inventory	**(30,000)**	-
Prepaid expenses and advances	**21,075**	(8,174)
Accounts payable and accrued liabilities	**65,713**	(70,233)
	(155,331)	(136,178)
Cash flows from financing activities		
Repayments to related parties	**-**	(32,000)
Issue of shares, net	**713,125**	644,940
Share subscription - deferred	**(309,000)**	309,000
	404,125	921,940
Cash flows from investing activities		
Purchase of short-term investment	**(50,000)**	-
Purchase of property and equipment	**(2,946)**	-
Purchase of mineral properties and exploration thereon	**(718,057)**	(138,973)
	(771,003)	(138,973)
Increase (decrease) in cash	**(522,209)**	646,789
Cash, beginning of year	**647,925**	1,136
Cash, end of year	**$ 125,716**	$ 647,925

The accompanying notes are an integral part of these financial statements.

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1. Nature of Operations

The Company was incorporated on September 14, 1983 under the Canada Business Corporations Act and changed its name effective September 18, 1987 to Leeward Capital Corp. On August 20, 2002 the Company continued from British Columbia to Alberta.

The Company, directly and through joint ventures, is in the process of exploring and investigating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from disposition of the mineral properties. There are no guarantees that such conditions will be met. The amounts shown as mineral properties represent net costs to date, less amounts written-off, and do not necessarily represent present or future values. The Company also engages in business activities related to resale of amber.

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, transfers or native land claims and title may be affected by undetected defects.

The recoverability of amounts shown for mineral properties is dependent upon the formal acquisition and approval to mine properties, the subsequent discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, future profitable production or proceeds from the disposition of mineral properties, and the Company's ability to complete its obligations and obtain the necessary approvals at each stage of exploration and development of its properties.

2. Significant Accounting Policies

The financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Principles of consolidation
The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary Leeward Tiger Limited, which was not active and had no significant assets or liabilities in the current and prior year.

2. Significant Accounting Policies - continued

(b) Revenue recognition
Revenue from re-selling amber is recognized upon delivery and when ultimate collection is reasonably assured. Amber operations are considered incidental to operations at this time.

(c) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances, temporary overdrafts, and investments in money market instruments with a maturity of three months or less.

(d) Short-term investment
Short-term investments are accounted for at the lower of cost and net realizable value. At December 31, 2004, the Company held term deposit bearing interest rate of 0.3975% with maturity term of February 18, 2005.

(e) Inventory
Inventory is valued at the lower of cost and net realizable value.

(f) Property and equipment
Property and equipment consist of computer and field equipment that is recorded at cost. Amortization is determined using the declining balance basis, over the estimated useful life of the asset at the following rates:

Equipment - 20% per annum

(g) Mineral properties and deferred costs
Costs of acquisition and development of mineral properties are capitalized on an area-of-interest basis. General and administrative costs are charged to expense in the year incurred. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found. Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When significant properties in an area of interest are abandoned, the costs related thereto are charged to operations on a pro-rata basis to the total costs to date included in the area, in the year of abandonment. The proceeds received from a partial disposition or an option payment are credited against the costs. In addition, if there has been a delay in development activity for several successive years, a write-down of those project-capitalized costs will be charged to operations.

For mineral properties on which licenses have either expired or are being applied for, the Company's management assesses the likelihood of obtaining the required license approvals based on completing commitments, past experiences, and other factors. Costs are continued to be deferred if it is likely that the license will be granted. In the event that the license is not renewed or granted, the related costs on the property will be written off in the period that the Company receives confirmation of the same.

2. Significant Accounting Policies – continued

Where the Company's exploration commitments for a mineral property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the mineral property to the extent cost incurred. The excess is credited to operations.

(h) Asset retirement obligations
The Company has adopted the new recommendation of the Canadian Institute of Chartered Accountants ("CICA") relating to accounting for asset retirement obligations. This recommendation replaces the previous method of accounting for site restoration costs on an accrual basis. The Company has adopted the new standard on a retroactive basis in accordance with the CICA recommendations on Accounting Changes. Under the new standard, a liability for the fair value of environmental and site restoration obligations are recorded when the obligations are incurred and the fair value can be reasonably estimated. The obligations are normally incurred at the time the related assets are brought into production. The fair value of the obligations is based on the estimated cash flow required to settle the obligations discounted using the Government of Canada Bond Rate for the applicable term adjusted for the Company's credit rating. The fair value of the obligations is recorded as a liability with the same amount recorded as an increase in capitalized costs. The amounts included in capitalized costs are depleted using the unit-of-production method. The liability is adjusted for accretion expense representing the increase in the fair value of the obligations due to the passage of time. Accretion expense is recorded as an operating expense.

(i) Income taxes
The Company uses the liability method of accounting for income taxes. Under this method, future income tax liabilities and future income tax assets are recorded based on temporary differences – the difference between the carrying amount of an asset and liability in the balance sheet and its tax basis, the carry forward of unused tax pools and unamortized share issue costs. Future income tax assets and liabilities are measured using income tax rates expected to apply on the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that the change is substantially enacted. Future income tax assets are evaluated and if realization is not considered "more likely than not", a valuation allowance is provided.

(j) Flow through shares
When the Company issues flow-through shares, they record 100% of the mining exploration costs in their records. The shares issued are recorded at their issue price. When the funds received are spent, the tax benefits arising from the transaction are transferred to the holders of the flow-through shares and these tax effects will be recorded on the date that the company renounces the tax credits associated with the expenditures.

(k) Joint ventures
Certain of the Company's exploration and development activities are conducted through joint ventures. The accounts reflect only the Company's proportionate interest in such activities.

2. Significant Accounting Policies – continued

(l) Foreign currency

Foreign currency accounts of the Company are translated into Canadian funds as follows:

i. Monetary assets and liabilities are translated at year-end exchange rates.

ii. Non-monetary items are translated at historic exchange rates prevailing at the date of acquisition.

iii. Revenue and expense items are translated at the average exchange rate for the year. Realized and unrealized foreign exchange gains and losses are included in operations.

(m) Financial instruments

The Company has various financial instruments. Unless otherwise indicated, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(n) Stock-based compensation plan

The Company has established stock option plans whereby the Company may grant options to purchase Common shares to its directors, officers, employees and consultants. Under the stock option plan, options are granted at a price as determined by the Company, and vested immediately or as determined by the board of directors of the Company and expire no later than three years from the date of grant. Effective in 2003, the Company adopted the recommendation of the CICA Handbook to record compensation expense when stock or stock options are issued under the plan.

In 2003, the Company adopted the amended recommendation of the CICA Handbook section 3870. The Company chose to use the fair value method to account for stock-based employee compensation plans on a prospective basis. The Company records compensation expense for options issued to employees after January 1, 2003. Any consideration paid by employees on the exercise of the options is credited to contributed surplus.

Compensation expense is also being recorded for options issued to consultants and non-employees over the vesting period for employees and over the same period and in the same manner as if the Company had paid cash for services of non-employees.

(o) Per share amounts

Basic earnings per common share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with standards approved by the Canadian Institute of Chartered Accountants.

2. Significant Accounting Policies – continued

(p) Measurement uncertainty

The amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility and risk-free interest rates.

The recoverability of amounts shown for mineral properties is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

Title to certain mining properties or contracted or other work requirements and commitments in foreign countries are difficult to substantiate, and thus good standing may be difficult to establish.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Inventory

At December 15, 2004, the Company determined that the net realizable value of amber was less than its cost. Therefore, the Company wrote down the inventory by $32,000 to its net realizable value, estimated to be $30,000 at year end.

Prior to 2004, inventory was on a consignment basis, so was not recorded on the books. In 2004, $20,000 was paid for inventory to obtain title, that had been on a consignment term before.

4. Property and Equipment

		2004		2003
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Computer hardware	**$ 6,942**	**$ 2,654**	$ 3,995	$ 1,950
Net book value	**$ 4,288**		$ 2,045	

5. Asset Retirement Obligations

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. At December 15, 2004, the Company does not estimate that costs relating to future site restoration and abandonment based on work done to that date will be material. The Company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on net earnings cannot be determined at this time, it could be material for any one quarter or year.

6. Equity Instruments

(a) Authorized:

100,000,000 common shares
10,000,000 preferred shares without par value

(b) Issued and outstanding:

Common shares

	2004		2003	
	Number	**Amount**	Number	Amount
Balance, beginning of year	**25,219,054**	**$ 6,687,956**	20,594,054	$ 6,102,349
Issued for cash through exercise of director options	**50,000**	**5,000**	525,000	52,500
Issued flow through shares for cash through exercise of warrants	**512,500**	**142,063**	-	-
Issued for cash through exercise of warrants	**-**	**-**	1,000,000	100,000
Issued for cash through private placement(*)	**3,750,000**	**463,849**	3,100,000	465,167
Issued as finder's fee	**90,000**	**19,890**	-	-
Tax effect of flow through shares	**-**	**(148,780)**	-	-
Share issue costs	**-**	**(25,200)**	-	(32,060)
Balance, end of year	**29,621,554**	**$ 7,144,778**	25,219,054	$ 6,687,956
Warrants				
Balance, beginning of year	**2,200,000**	**$ 59,833**	1,050,000	$ -
Issued in private placement (i)	**250,000**	**23,640**	650,000	38,840
Issued in private placements (ii)	**1,090,000**	**64,710**	1,000,000	13,544
Issued in private placement (iii)	**2,500,000**	**33,111**	550,000	7,449
Expired in the year	**(1,687,500)**	**(45,895)**	(50,000)	-
Exercised in the year	**(512,500)**	**(13,938)**	(1,000,000)	-
Balance, end of year	**3,840,000**	**121,461**	2,200,000	59,833
Total equity instruments	**33,461,554**	**$ 7,266,239**	27,419,054	$ 6,747,789

(*) In 2004, includes 3,500,000 shares for $530,000 gross proceeds of flow through shares, of which 146,383 is unexpended at the end of the year (Note 6(d). In 2003, includes 1,100,000 shares for $150,000 gross proceeds of flow through shares, all of which is unexpended at the end of the year. Also includes 1,000,000 shares for $200,000 that were subscribed for by a Director of the Company.

6. Equity Instruments - continued

(i) On April 14, 2004 the Company issued 250,000 warrants pursuant to the private placement of subscription receipts. The warrant entitles the holder to acquire one common share upon payment of $0.26 on or before the date that is one year from the date of issuance. The fair value of the warrants was estimated at $23,640 using the Black-Scholes option pricing model.

On November 3, 2003 the Company issued 500,000 warrants pursuant to the private placement of subscription receipts that closed on October 21, 2003. The warrant entitles the holder to acquire one common share upon payment of $0.20 on or before the date that is one year from the date of issuance. In connection with the private placement, the Company paid a finder's fee of an additional 150,000 warrants to John Kaiser, an unrelated party. The fair value of the warrants was estimated at $38,840 using the Black-Scholes option pricing model with the following assumptions: Dividend yield (Nil); expected volatility (0.40); risk-free interest rate (5.0%); and weighted average life of one year.

(ii) On December 22, 2003 the Company issued 1,000,000 warrants pursuant to the private placement of subscription receipts. Each warrant entitles the holder to acquire one common share upon payment of $0.35 on or before the date that is one year from the date of issuance. In connection with the private placement, the Company paid a finder's fee of an additional 90,000 warrants to an unrelated party. The fair value of the warrants was estimated at $64,710 using the Black-Scholes option pricing model.

On November 28, 2003 the Company issued 1,000,000 warrants pursuant to the private placement of subscription receipts that closed October 28, 2003. The warrant entitles the holder to acquire one common share of the Company upon payment of $0.25 on or before the date that is one year from the date of issuance. The fair value of the warrants was estimated at $13,593 using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (Nil); expected volatility (0.55); risk free interest rate (5.0%); and weighted average life of one year.

(iii) On October 28, 2004 the Company issued 2,500,000 warrants pursuant to the private placement of subscription receipts. The warrant entitles the holder to acquire one common share upon payment of $0.35 on or before the date that is one year from the date of issuance. The fair value of the warrants was estimated at $33,111 using the Black-Scholes option–pricing model.

On November 24, 2003 the Company issued 550,000 warrants pursuant to the private placement of subscription receipts that closed November 7, 2003. The warrant entitles the holder to acquire one common share of the Company upon payment of $0.25 on or before the date that is one year from the date of issuance. In connection with the private placement, the Company paid a finder's fee of 50,000 additional share purchase warrants. The fair value of the warrants was estimated at $7,400 using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (Nil): expected volatility (0.55); risk-free interest rate (5.0%); and weighted average life of one year.

6. **Equity Instruments – continued**

(c) Warrants

	Weighted average number	Average exercise price
Outstanding, December 15, 2002	1,050,000	$ 0.10
Granted (Note 5(b)(i))	650,000	0.20
Granted (Note 5(b)(ii))	1,000,000	0.25
Granted (Note 5(b)(iii))	550,000	0.25
Exercised	(1,000,000)	0.10
Expired	(50,000)	0.10
Outstanding, December 15, 2003	2,200,000	0.24
Granted (Note 5(b)(i))	250,000	0.26
Granted (Note 5(b)(ii))	1,090,000	0.35
Granted (Note 5(b)(iii))	2,500,000	0.35
Exercised	(512,500)	0.25
Expired	(1,687,500)	0.35
Outstanding, December 15, 2004	3,840,000	$ 0.34

The following table summarizes information about the common share warrants outstanding at December 15, 2004:

Warrants outstanding	Warrant price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable	Weighted Average Price of Warrants Currently Exercisable
250,000	$ 0.26	$ 0.26	0.33 years	250,000	$0.26
1,090,000	0.35	0.35	0.02 years	1,090,000	0.35
2,500,000	0.35	0.35	0.87 years	2,500,000	0.35
3,840,000		$ 0.34	0.59 years	3,840,000	$0.34

6. Equity Instruments - continued

The following table summarizes information about the common share warrants outstanding at December 15, 2003:

Warrants outstanding	Warrant price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable	Weighted Average Price of Warrants Currently Exercisable
650,000	$0.20	$ 0.20	0.88 years	650,000	$0.20
1,550,000	0.25	0.25	0.96 years	1,550,000	0.25
2,200,000		$ 0.24	0.93 years	2,200,000	$0.24

(d) Flow through shares
During the 2003 and 2004 years, the company issued flow through shares. The unexpended portion of these funds is noted below:

ISSUE DATE	RENOUNCED EXPENDITURES	UNEXPENDED PORTION	PROJECT
October, 2003	$ 150,000	$ -	JAMES BAY
December, 2003	280,000	-	JAMES BAY
October, 2004	250,000	146,383	NITHI MOUNTAIN
November 2004	128,125	128,125	NITHI MOUNTAIN
	$ 808,125	**$ 274,508**	

6. Equity Instruments - continued

(e) Incentive stock options

The Company has granted incentive stock options to directors and employees of the Company to purchase shares exercisable at dates ranging from January 11, 2002 to November 2, 2005:

	Stock Options Outstanding	Weighted Average Exercise Price
Balance December 15, 2002	725,000	$ 0.10
Granted	1,450,000	0.15
Expired	(150,000)	0.10
Exercised	(525,000)	0.10
Balance December 15, 2003	1,500,000	0.15
Granted	150,000	0.15
Exercised	(50,000)	0.10
Balance December 15, 2004	1,600,000	$ 0.15

Stock options are fully vested at the date of issuance.

The following table summarizes information about the options outstanding at December 15, 2004:

Options Outstanding	Price	Options Exercisable at December 15, 2003	Expiry Date
1,450,000	**$ 0.15**	**1,450,000**	**April 1, 2005**
150,000	**0.15**	**150,000**	**November 2, 2005**
1,600,000		**1,600,000**	

The following table summarizes information about the options outstanding at December 15, 2003:

Options Outstanding	Price	Options Exercisable at December 15, 2003	Expiry Date
50,000	$ 0.10	50,000	January 11, 2005
1,450,000	0.15	1,450,000	April 1, 2005
1,500,000		1,500,000	

In 2003, the Company recorded compensation expense in the amount of $20,763 for options issued to employees, directors, officers and consultants of the Company.

6. Equity Instruments - continued

The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (NIL), expected volatility (0.34); risk-free interest rate (5%); and weighted average life of 2 years.

During the 2003 year, the Company recorded compensation expense in the amount of $11,500 for options issued to employees, directors, officers of the Company.

The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (NIL), expected volatility (0.90); risk-free rate (5%); and weighted average life of 1 year.

(f) Share subscriptions

During the prior year, the Company received proceeds totaling $309,000 with regards to a private placement. The related shares were issued December 22, 2003.

7. Contributed Surplus

	2004	2003
Balance, beginning of year	**$ 20,763**	$ -
Stock compensation granted in the year	**11,500**	20,763
Warrants expired in the year	**45,895**	-
Balance, end of year	**$ 78,158**	$ 20,763

8. Related Party Transactions

Except as noted elsewhere in these financial statements, the Company was involved in the following related party transactions:

The Company paid rent of $1,200 (2003 – $1,200), secretarial services of $8,205 (2003 – $4,103), and office expenses of $2,260 (2003 – 2,085) to a company controlled by an officer and director. The Company also paid $22,690 (2003 - $11,715) to this same company for administrative services of the officer and director. In addition, the Company reimbursed $33,689 (2003 - $48,641) for mineral property acquisition thereon to the same company. Included in accounts payable is a balance of $52,210 (2003 - $nil) to this company.

All related party transactions occurring in the normal course of operations, have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties which are similar to those negotiable with third parties.

9. Income Taxes

(a) The effective tax rate of income tax varies from the statutory rate as follows:

	2004	2003
Combined tax rates	**36.7%**	36.7%
Expected income tax provision at statutory rate	**$ (77,008)**	$ (32,210)
Change in Rate	**-**	106,129
Change in valuation allowance	**(105,090)**	(82,781)
Stock compensation expense	**4,221**	7,620
Loss carry forwards expired	**29,097**	1,242
Actual income tax provision	**$ (148,780)**	$ -

(b) At the end of the year, subject to confirmation by income tax authorities, the Company has approximately the following undeducted tax pools:

	2004	2003
Cumulative Canadian development expenses	**$ 1,959,705**	$ 1,925,861
Cumulative Canadian exploration expenses	**1,446,641**	1,320,041
Foreign exploration and development expenses	**1,226,401**	1,102,526
Undepreciated capital cost	**7,188**	4,241
Cumulative eligible capital	**481**	281
Non-capital losses carried forward for tax purposes	**-**	-
available from time to time until 2014	**427,292**	368,431
Share issue costs	**39,372**	25,616
	$ 5,107,080	$ 4,746,997

These pools are deductible from future income at rates prescribed by the Canadian Income Tax Act.

9. Income Taxes - continued

(c) The components of the Company's future income tax liability are a result of the origination and reversal of temporary differences and are comprised of the following:

	2004	2003
Nature of temporary differences		
Property and equipment	**$ 1,545,266**	$ 1,528,227
Share issue costs	**14,450**	9,401
Flow through shares	**(148,780)**	-
Non-capital loss carry forward	**156,816**	135,214
	1,567,752	1,672,842
Valuation allowance	**(1,567,752)**	(1,672,842)
Future income tax asset	**$ -**	$ -

(d) The Company has approximately $427,000 of non-capital loss available for loss carry forward to reduce future taxable earnings. The losses expire between December 15, 2005 and December 15, 2014. The benefit of these losses has not been recognized in the financial statements due to the uncertainty of future realization.

10. Financial Instruments

As disclosed in Note 2(m), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to foreign currency risk. The Company manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

(a) Concentration Risk
At December 15, 2004 and 2003 all of the Company's cash and cash equivalents were held at one financial institution and accordingly the Company is subject to the risks associated with that financial institution.

(b) Credit Risk
At December 15, 2004, the accounts receivable contains a balance due from a joint venture partner for mineral property expenditures representing 80% of total receivables.

11. Commitments – Mineral Exploration

(a) The Company has completed an agreement with the Union of Myanmar, dated January 7, 2004 providing for the Company of up to a 75% interest in the property. This agreement commits the Company to minimum exploration expenditures over the course of a three year period. The Company has exercised a clause in the agreement allowing a one year extension of the minimum expenditure period. The Company has a joint venture agreement with Jet Gold Corp. to develop the property, whereby in exchange for certain initial costs and 50% of all additional costs they will earn a 37.5% interest in the property. Current expenditures and commitments, made by both parties, are as follows (in Canadian dollars, translated at year-end rate from US$):

Activity	Year	Rent Commitment	Exploration Commitment	Spent
Prospecting	1	$ 13,696	$ 130,561	$ 177,545
Exploration	1	13,696	428,015	182,896
Exploration	2	13,696	611,450	-
Exploration	3	13,696	17,175	-
Feasibility	1	13,696	222,900	-
			$ 1,410,101	$ 360,441

In the agreement the following are significant terms regarding commitments for expenditures:

Mineral prospecting period means the period of twelve months from January 7, 2004 or where an extension is granted, the period from January 7, 2004 until the end of any such period of extension.

Mineral exploration period means the period of three years from the end of the mineral prospecting period or where an extension is granted, the period from the end of the mineral prospecting period until the end of any such period of extension.

Feasibility period means any period during which a feasibility study is conducted.

(b) **Nithi Mountain project:** The claims are beneficially owned 100% by the Company and are in good standing until fall 2005. Additional expenditures have been incurred on claims, which when assessed should extend for a further two years the good standing status of the claims.

(c) **James Bay project:** The Company beneficially owns a 100% interest in these claims. Taiga Consultants Ltd currently holds the claims in trust for Leeward Capital Corp. The property consists of single claims or small groups of claims extending over an area measuring approximately 100km north-south by 60km east to west. Claim holders are required to file a minimum of $400 per 16 hectare unit annually from second anniversary until the claims are taken to lease. The Company is considering which claims they will retain. The Company intends to meet the requirements to keep the claims retained in good standing.

11. Commitments – Mineral Exploration - continued

(d) **Pistol Lake project:** The property is owned 85% directly by the Company with the remaining 15% held by a director of the Company. Annual lease payments of $1,700 are required. The two leases are in good standing until May and July 2005, respectively.

12. Subsequent Events

a) On December 21, 2004, 845,000 warrants were exercised at a price of $0.35 per warrant. Each warrant was exchanged for one common share of the Company.

b) On February 15, 2005, 200,000 options were exercised at a price of $0.15 per option. Each option was exchanged for one common share of the Company.

c) On February 28, 2005, 150,000 options at $0.30 per option were granted to a director of the Company.

13. Asset Retirement Obligation

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. At December 15, 2004, the Company does not estimate that costs relating to future site restoration and abandonment are to be material. The company has currently made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on net earnings cannot be determined at this time, it could be material for any one quarter or year.

14. Non-cash Transactions

(a) During the year the Company issued 90,000 shares and 90,000 warrants as payment of a finder's fee in connection with a private placement valued at $25,200.

(b) In 2003 the year the Company issued 150,000 warrants as payment of a finder's fee in connection with a private placement. The estimated fair value of these warrants is $9,000. The fair value of these warrants was estimated using the Black-Scholes option-pricing model with the following assumptions: Dividend yield (Nil), expected volatility (0.40); risk-free interest rate (5%); and weighted average life of one year.

15. Statement of Cash Flow

Interest and taxes paid

		2004		2003
Interest paid	$	**1,050**	$	2,120
Income tax paid	$	**-**	$	-

16. Segmented Information

The Company is operated as a single operating segment in the mining and exploration industry. Revenues generated from resale of amber are only incidental to the activities of the enterprise. The geographical distribution of the properties is disclosed in the mineral properties schedule attached to these financial statements.

17. Mineral Properties and Deferred Costs

Our audit was conducted in accordance with Canadian generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in Mineral Properties and Deferred Costs Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

18. Comparative Figures

Certain figures for 2003 have been reclassified to make their presentation conform to that adopted in 2004.

Leeward Capital Corp.
(a development stage corporation)
Mineral Properties and Deferred Costs

December 15, 2004

	Dec.15/03	Expenditures	Options/ Disposals	Abandoned	Dec.15/04
Pistol Lake, NWT					
Acquisition	$ (99,057)	$ 1,636	$ -	$ -	$ (97,421)
Exploration	76,926	2,619	-	-	79,545
James Bay, Ont.					
Acquisition	130,669	469	-	-	131,138
Exploration	-	449,766	-	-	449,766
Mossy River, Sask					
Acquisition	4,235	-	-	(4,235)	-
Exploration	65,195	600	-	(65,795)	-
Nithi Mountain, B.C.					
Acquisition	-	31,737	-	-	31,737
Exploration	-	103,617	-	-	103,617
	177,968	590,444	-	(70,030)	698,382
Set Ga Done, Myanmar					
Acquisition	5,095	-	-	-	5,095
Exploration	-	127,612	-	-	127,612
	$ 183,063	$ 718,056	$ -	$ (70,030)	$ 831,089

In the prior year, total expenditures for mineral properties were $138,973, no option payments were received, and abandoned properties were $1,688.

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Leeward Capital Corp.
(a development stage corporation)
Mineral Properties and Deferred Costs

December 15, 2004

Property	Commodity	Gross Hectares	Leeward's Interest	Joint Venture Partners
		NORTHWEST TERRITORIES		
Pistol Lake Project				
2 leases	gold	663	85%	15% F. Lewicki
		SASKATCHEWAN		
Mossy River Project				
5 claims	diamonds	302	100%	
		ONTARIO		
James Bay Project				
36 claims	gold	6,080	100%	
		BRITISH COLUMBIA		
Nithi Mountain Project				
	molydeum	2,550	100%	
		OTHER		
Set Ga Done Project				
	gold	70,000	37.5%	37.5% Jet Gold Corp. 25% DGSE
		79,595	gross hectares	
		41,798	net hectares	

BDO

Management Discussion and Analysis

Year End and Fourth Quarter 2004

dated March 15, 2005

Management's discussion and analysis ("MD&A") provides a discussion of the Company's financial and operating results for the quarter and year ended December 15, 2004 with comparisons to previous results previous quarters. This MD&A should be read in conjunction with the consolidated statements and accompanying notes.

Year's Highlights

With the revival of the junior mining sector in 2004, Leeward Capital Corp. has made excellent progress in funding exploration and advancing exploration on various projects. The exploration highlights in this fiscal year are the exploration for molybdenum, diamonds, and gold. Increased funding has allowed additional mineral lands to be acquired. This has allowed an improvement in the stock price of the company, which enhances the future ability to fund the exciting exploration prospects in the company's portfolio. Emphasis in 2005 will be on the exploration and development of the Nithi Mountain molybdenum property in British Columbia and the Set Ga Done gold concession in Myanmar.

Quarterly results

In the fourth quarter of 2004, the Company took in revenues from the exercise of warrants previously issued. These funds were used to compile geological data and conduct a geophysical survey on the Nithi Mountain property. At the end of this period, the Company was well funded to carry on this exploration.

During the period September 15 to December 15, 2004, Leeward Capital carried out exploration work on its Attawapiskat Property in northern Ontario, completed initial field exploration on the Nithi Mountain moly property in British Columbia, and commenced a field program on the Set Ga Done gold property in Myanmar.

Attawapiskat Auger Drilling Program, Ontario
On the claims held in the Attawapiskat area in the James Bay Lowlands of northern Ontario, an auger drilling program was completed on thirteen priority targets identified by a ground gravity survey. The heavy mineral samples have been processed and we are awaiting microprobe results on the chemical composition of the heavy minerals recovered.

Nithi Mountain Moly Program, British Columbia
Initial field work was completed on this prospect. Rock geochemical samples were acquired from both new and previously known moly showings located in the area. The distribution of the moly occurrences resulted in the identification of a northeast trend which has been named the "Alpha" zone. A compilation of all available geological and geochemical data was begun. A helicopter-borne geophysical survey was also completed during this quarter.

Set Ga Done Gold Concession, Myanmar

Field exploration was initiated in late November on the Set Ga Done Concession in Myanmar. Field crews are engaged in geological mapping and geochemical sampling on this 70,000 ha concession located in northern Shan State.

Overall Performance

General and administrative expenses have increased as the company has become more active. A number of mineral properties have been written down based on exploration results insufficient to justify continued exploration. The increased professional fees are for the most part related to additional costs for the preparation of independent geological 43-101 reports on new properties.

The better cash position of the company is due to the ability of the company to raise exploration and equity financings during the year. The Company is now in a much better position to fund exploration than in previous years. The year-to-year stock price is in an upward trend reflecting the improvement in the general outlook of junior mining exploration companies.

Segmented Information

Leeward Capital Corp. has a wholly-owned subsidiary (Leeward Tiger Limited) in Myanmar as an operating company. The only funds held by this subsidiary are those provided for exploration by the parent company to carry out exploration on the Set Ga Done concession. There are no restrictions on the flow of capital to this subsidiary from Leeward Capital.

Results of operations

Other than the sale of amber and any option payments on properties, Leeward has no other sources of income. The company is focused on the exploration and development of mineral properties based on funds generated by ongoing investment in the shares of the company.

While the costs of operating the amber business appear to have jumped relative to the cost of acquisition, this is due to the change in the way the amber is purchased. Previously, amber was consigned to Leeward; now Leeward has purchased the remaining amber inventory plus additional supplies of amber. This is a one-time charge and should be offset by future revenues for the amber business.

Summary of Quarterly Results

The previous quarterly results of the Company's operation are detailed on the SEDAR website. Further these statements are posted on the Company's website at www.leewardcapital.com. The company strives to be as transparent as possible to its shareholders.

For full financial details, readers are advised to reference the annual audited consolidated statements and notes as prepared by management and reported by BDO Dunwoody LLP.

Summary of Quarterly Results								
	2004 15-Dec	2004 15-Sep	2004 15-Jun	2004 15-Mar	2003 15-Dec	2003 15-Sep	2003 15-Jun	2003 15-Mar
Total Assets	1,145,938	1,055,560	954,161	968,026	874,430	223,718	230,007	248,070
Mineral Properties	831,089	818,470	665,412	279,814	183,063	178,637	187,688	97,234
Working Capital	237,330	(19,927)	156,262	582,404	681,804	(90,772)	(89,131)	31,518
Revenues	11,629	8,251	500	312	13,331	18,965	14,709	11,156
Net Profit (Loss)	23,925	(23,386)	(40,712)	(20,877)	(45,763)	(10,842)	(32,845)	1,685
Gain (Loss) Per Share	0.002	(0.001)	(0.002)	(0.001)	(0.002)	0.000	0.000	0.000

Transactions with Related Parties

Certain secretarial, bookkeeping, rent of offices, telephone, photocopying, and technical services are provided by Taiga Consultants on an ongoing basis. Since the president and the company secretary are associated with this firm, these are related-party transactions.

Financial and Other Instruments

The company is dependent upon the raising of exploration funds by way of sale of shares to the public in the form of private placements. Often these shares have a significant tax incentive whereby the Company allocates the exploration expenses to the individual investor in the form of a flow-through write-off. Other shares are sold on an equity basis to supply funds for general and administrative expenses and property acquisitions.